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High-level international intergovernmental consideration of financing for development

Follow-up efforts to the International Conference on Financing for Development

Report of the Secretary-General**

Summary

The present report responds to paragraph 72 of the Monterrey Consensus of the International Conference on Financing for Development, endorsed by the General Assembly in its resolution 56/210 B of 9 July 2002, in which the Secretary-General was requested to submit an annual report on follow-up efforts by all relevant stakeholders of the financing for development process. The report provides an initial account of initiatives and commitments undertaken by Governments and major institutional and non-institutional stakeholders, in conjunction with the Monterrey Conference, from March to June 2002. The report should be seen as a preliminary response to the request made to the Secretary-General by the Economic and Social Council in its resolution 2002/34 of 26 July 2002, to "provide information on the different follow-up activities being undertaken within the United Nations in support of implementation of the Monterrey Consensus".

* A/57/190.

** The present report was submitted to the conference services on 16 August 2002, in order to take into account the provisions of General Assembly resolution 56/210 B of 9 July 2002 on the International Conference on Financing for Development and the outcome of the substantive session of the Economic and Social Council for 2002.

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I. Introduction

1. In the Monterrey Consensus,[1] adopted at the International Conference on Financing for Development, held in Monterrey, Mexico, from 18 to 22 March 2002, the Secretary-General was requested to submit an annual report on the follow-up efforts to the conference undertaken by the United Nations system and other major stakeholders. A similar request was made in Economic and Social Council resolution 2002/34. Since only four months have elapsed since the time of the conference to the writing of the present report, it should be considered as a preliminary report, based on initial information made available to the Secretariat, rather than one covering all the activities of all relevant institutions and other stakeholders.

2. The present report should be read in conjunction with the report of the Secretary-General on the outcome of the International Conference on Financing for Development (A/57/344), submitted in response to resolution 56/210 A of 21 December 2001, which is being presented separately under the same agenda item. As indicated in that report, much remains to be done to harness the momentum of the Conference to the achievement of the Millennium development goals and the promotion of more development-supportive global financial and economic mechanisms, as called for in the Monterrey Consensus. Continued efforts will be required to translate the commitments of Monterrey into real actions, programmes and projects. There is also need to keep in mind strategic linkages between financing for development and the goals embodied in the Millennium Declaration,[2] as well as other relevant processes, including the outcomes of the Doha Ministerial Conference of the World Trade Organization (WTO) and the World Summit on Sustainable Development, in Johannesburg, South Africa, with a view to consolidating a comprehensive development agenda for the twenty-first century, supported by the means and instruments necessary for its realization.

II. Commitments and initiatives

3. In addition to the outcome document,[1] the Monterrey Conference engendered immediate gains for the financing for development, in particular with regard to official development assistance. Governments of major bilateral donors made individual or collective announcements of significant increases in their ODA portfolios. A strong, fresh impetus was also provided by the active involvement of the major institutional stakeholders in the financing for development process, both at the intergovernmental and the secretariat levels, placing a new spotlight on their roles within a global partnership for development in support of the follow-up activities for the implementation of agreements and commitments reached at the Conference. Moreover, important contributions and concrete proposals were put forward by the business sector and civil society.

A. New commitments by bilateral donors

4. In a press release of 20 March 2002, the Spanish Presidency of the European Union welcomed the Monterrey Conference as a historic opportunity to make progress, in a holistic manner, towards the achievement of the Millennium development goals for poverty reduction and other internationally agreed development targets. In this connection, the European Union stressed the fact that the Monterrey Consensus was based on a spirit of strengthened partnership, in which developing countries took primary responsibility for their own development, ensuring democracy and the rule of law, while developed countries actively supported them. The European Union gave particular importance to the Doha development agenda, which set out unprecedented growth and development opportunities that, together with the outcomes of the Monterrey and Johannesburg Summits, would contribute to a "Global Deal".

5. At a summit meeting held in Barcelona, Spain, on 15 and 16 March 2002, the heads of State and Government of the States members of the European Union committed themselves, for the first time, to increase their official development assistance to an average of 0.39 per cent of their gross national product (GNP), from the current 0.33 per cent level, by 2006, as a step towards the reaffirmed 0.7 per cent target. The member States of the European Union that had not reached the current average level individually would strive to reach at least 0.33 per cent level by 2006. On the most modest assumption, based on a low growth scenario, the new commitment would mean that official development assistance from member States of the European Union would increase by an extra $7 billion per year by 2006 and that an extra $20 billion would be made available over the period from 2000 to 2006. It

was noted that the European Union had accounted for more than 50 per cent of all official development assistance worldwide, including humanitarian aid, totalling $25.4 billion in 2000.

6. In addition, the European Union indicated that it had agreed on, inter alia, the following measures: (a) to implement immediately the recommendations of the Development Assistance Committee on untying aid to the least developed countries and to continue discussions with a view to further untying bilateral aid; (b) to improve the capacity of developing countries in international trade (to this end, the European Union had already pledged more than 60 per cent of the 14 million euro commitment made at the WTO pledging conference held at Geneva on 11 March 2002); (c) to promote the setting up of an international task force, open to broad participation, to move forward the discussions on global public goods and further explore innovative sources of financing for development; (d) to influence the reform of the international financial system by combating the abuses of financial globalization; (e) to strengthen the voice of developing countries in international economic decision-making; (f) to enhance coherence between the United Nations, international financial institutions and WTO; and (g) to examine ways of debt relief other than those in practice at present for the least developed countries.

7. In their statements at the Monterrey Conference, the heads of delegations of member States of the European Union stressed the importance of the aforementioned collective commitment on official development assistance and other measures related to the financing for development process. Several member States highlighted their individual efforts and new commitments that would go beyond the average level of official development assistance provided by the European Union. For example, the President of Finland confirmed that Finland was committed to the 0.7 per cent target and that, as a first step, it would increase the level to 0.4 per cent by 2007. Belgium stated that it had substantially increased its development aid budget and that it would reach the official development assistance target of 0.7 per cent of GNP by 2010. Ireland reiterated its commitment made at the United Nations Millennium Summit to reach the United Nations official development assistance target by 2007, and indicated that its programme of development cooperation would increase in 2002 by 55 per cent to meet an interim target of 0.45 per cent of GNP. Luxembourg pledged to continue to increase its ODA from the current level of 0.74 per cent of GNP with the aim of reaching the target of 1 per cent by the middle of the decade. The Netherlands stated it would continue to meet or exceed the standard level of official development assistance of 0.7 per cent of GNP. Sweden announced that it had set itself the target of reaching the 1 per cent level.

8. On 14 March 2002, the President of the United States of America proposed a new compact for global development, defined by new accountability for both rich and poor nations alike. The new compact for development would link greater contributions by developed countries to greater responsibility by developing countries. As part of the new compact, the United States pledged to increase its core assistance to developing countries by 50 per cent over the next three years, resulting in a $5 billion annual increase over current levels of about $10 billion to a running rate of $15 billion per year by 2006. Specifically, the additional funding levels for official development assistance will rise by $1.7 billion in 2004, $3.3 billion in 2005 and $5 billion in 2006 and beyond.

9. These additional funds will go to a new "Millennium Challenge Account" intended to support initiatives to improve the economy and standard of living in developing countries. The goal of the Millennium Challenge Account would be to reward sound policy decisions that promote economic growth and reduce poverty. The funds would be assigned to developing countries that demonstrate a strong commitment towards: (a) good governance (rooting out corruption, upholding human rights and adhering to the rule of law); (b) health and education; and (c) sound economic policies that foster enterprise and entrepreneurship, including more open markets and sustainable budget policies.

10. The United States Government indicated that it would allocate funds from the Millennium Challenge Account to recipient countries based on the above criteria and according to the following principles:

(a) Country selection will be keyed to potential for economic growth and poverty reduction;

(b) Funds will be distributed in the form of grants;

(c) Where appropriate, programmes funded will be coordinated with ongoing programmes and leverage other funding streams;

(d) Qualifying countries will be encouraged to actively engage in formulating uses for funding through a participatory process involving elected officials, civil society and development partners;

(e) Development priorities, investment needs and growth potential of selected countries will determine how funds are allotted;

(f) Where possible, through the Millennium Challenge Account, the United States Government will seek to broaden development partnerships by including new partners, such as private sector firms, local governments, universities, foundations and non-governmental organizations (NGOs);

(g) Building capacity for quality data development and continuous country and project performance monitoring will be important components of the Millennium Challenge Account.

11. In addition, the United States proposed a performance-based financing framework for its contribution to the replenishment of multilateral development banks for promoting economic growth and poverty reduction in the poorest countries. In this context, it announced an 18 per cent increase in its contribution to the International Development Association over the next three years, and an 18 per cent increase to the African Development Bank's fund to assist the poorest countries. It also reiterated its proposal to convert up to 50 per cent of multilateral concessional loans into grants.

12. At the Monterrey Conference, the Prime Minister of Canada stated that his country had increased its development assistance budget by an average of 8 per cent in recent years and would continue to increase its budget for official development assistance by at least the same percentage in the coming years. Canada also set aside an additional $500 million to implement the objectives of the Africa Action Plan of the Group of Eight, based on the New Partnership for Africa's Development.

13. The Prime Minister of Norway announced the launching by his Government of an action plan for combating poverty. Within the framework of that plan, Norway pledged: (a) to increase official development assistance from the current level of 0.92 per cent of GDP to 1 per cent of GDP by 2005; (b) to advance policy coherence in all relevant government policies; (c) to continue the transition of granting official development assistance away from projects to programme and budget support; (d) to forgive all debt to recognized heavily indebted poor countries and to work hard to improve international debt service arrangements; (e) to stimulate investment and private sector growth; and (f) to implement zero tariff market access to all products, except arms, from least developed countries and to seek to increase market access for agricultural exports from developing countries.

14. The Federal Councillor and head of the Swiss delegation declared that Switzerland would increase its official development assistance progressively to 0.4 per cent of GNP by 2010.

B. Initiatives of institutional stakeholders

15. The World Bank and the International Monetary Fund (IMF) prepared a joint paper, entitled "Financing for Development — Implementing the Monterrey Consensus", which was submitted to the spring 2002 meeting of the IMF Development Committee in April 2002. The paper outlined the implications of the Monterrey consensus for the two institutions with regard to their substantive work as well as their involvement in the follow-up process, stating: "In each of the areas covered by the FfD [financing for development] agenda, the Bank and IMF expect to provide more and better assistance, both financial and technical, and focused economic dialogue in the context of strong national ownership of programmes and partnerships. ... In addition, for the Bank, the outcomes of Monterrey reinforce its role in supporting countries in implementing structural and institutional reforms, its direct and catalytic role in promoting higher and more effective development assistance, and the role of IFC/MIGA [International Finance Corporation/Multilateral Investment Guarantee Agency] in catalysing private investment. For the IMF, they emphasize its mandate for promoting global financial stability — a precondition for growth — and its associated roles in surveillance and in crisis prevention and resolution."

16. Specifically, following the Monterrey Summit, the Bank and IMF intend to scale up and intensify their efforts in a number of areas. In particular, the focus

will be on helping to implement the policy and governance agenda (through catalytic promotion of policy, governance and institutional reforms), the aid agenda (by leveraging and enhancing the effectiveness of all aid resources) and the trade agenda (by supporting market opening and capacity-building). These will include the following actions:

(a) Working within the Poverty Reduction Strategy Papers/comprehensive development framework, help countries establish the macroeconomic, governance and structural foundations for accelerated poverty reduction;

(b) Help countries, especially emerging market economies, to protect themselves better against shocks and financial crises with major impact on the poor;

(c) Promote improved market access and help developing countries benefit from trade opportunities;

(d) Promote the most effective use of all existing aid resources and new commitments for maximum development impact;

(e) Address systemic issues to ensure coordination/coherence among institutions at policy and operational levels and find pragmatic and innovative ways to further enhance the effective participation of all countries in international forums.

17. In a communiqué of 21 April 2002, the Development Committee welcomed the very important progress achieved in the Monterrey Consensus and recognized the efforts of the World Bank and IMF, working together with the United Nations, in contributing to this result. The Committee looked forward to strengthening this new partnership towards a successful World Summit on Sustainable Development.

18. The Development Committee communiqué also stated that, "This new partnership for development recognizes that country-owned and driven development strategies embodying sound policies and good governance have to be the starting point. Such strategies need to be supported by increased and more effective development assistance and by greater efforts to integrate developing countries into the global economy". The Committee affirmed its commitment to the implementation of these strategies and partnerships, such as the New Partnership for Africa's Development, as part of the scaling up of activities that is necessary for implementing the Monterrey Consensus and the Millennium development goals. It welcomed the pledges made at Monterrey by a number of donors to increase their levels of official development assistance. In addition, it strongly endorsed the call at Monterrey for coherence between development assistance and trade policies, urged an acceleration of efforts to lower trade barriers (including trade distorting subsidies) and called upon the Bank and others to provide more support in helping developing countries address the policy, institutional, social and infrastructure impediments that limit their ability to share in the benefits of trade.

19. In its communiqué dated 20 April 2002, the International Monetary and Financial Committee strongly welcomed the Monterrey commitments by the international community to improve living standards and reduce poverty through sound policies and higher and more effective aid, as well as to work toward the objective of duty- and quota-free market access to the exports of least developed countries. It fully supported the New Partnership for Africa's Development and its call for strong domestic ownership, sound policies, strengthened institutions and improved governance. The Committee welcomed recent announcements of increased and more effective aid and urged further progress. It also welcomed the new initiative to enhance growth and reduce poverty in low-income countries of the Commonwealth of Independent States.

20. In defining the Fund's role in low-income countries, the International Monetary and Financial Committee fully endorsed the Monterrey Consensus, which reaffirmed that sound economic policies and institutions, together with strong, broad-ranging international support, were the twin pillars on which to build enduring poverty reduction. It encouraged the Fund to work closely with the United Nations, the World Bank, the regional development banks and bilateral donors in developing a comprehensive and transparent system to monitor progress toward the Millennium development goals. The Committee also noted that the Monterrey Consensus would constitute an important input to the World Summit on Sustainable Development.

21. In the period ahead, IMF will, inter alia, concentrate on:

(a) Strengthening crisis prevention and resolution through a range of measures to enhance the effectiveness and coverage of surveillance;

(b) Enhancing the Poverty Reduction Strategy Paper process as a suitable framework for fostering the efforts of low-income countries and their international partners to achieve poverty reduction and higher growth;

(c) Promoting capacity-building as a potent vehicle for ensuring ownership and enhancing the implementation of effective poverty reduction strategies (e.g., the establishment of the African Regional Technical Assistance Centres in the context of the New Partnership of Africa's Development);

(d) Improving debt sustainability assessments, which remains an issue despite the progress already made with the implementation of the heavily indebted poor countries initiative;

(e) Considering innovative proposals to improve the process of sovereign debt restructuring to help close a gap in the current framework;

(f) Streamlining conditionality and enhancing national ownership in Fund-supported programmes;

(g) Combating money-laundering and the financing of terrorism;

(h) Continuing the work on the twelfth general review of IMF quotas, which should reflect developments in the international economy, and working toward an early implementation of the fourth amendment (special drawing rights allocation).

22. This year WTO participated for the first time in the annual spring meeting of the Economic and Social Council with the international economic institutions. The WTO representative echoed the sentiments of the organization's Director General, expressed in several statements since Monterrey, that WTO felt committed to staying fully engaged with, and contributing to the follow-up and implementation of the financing for development exercise. It is expected that the Monterrey Consensus, which has already been widely distributed to WTO members, will be used as an important reference document and considered at forthcoming meetings of relevant intergovernmental bodies of the organization, such as the General Council and/or the Committee on Trade and Development.

23. The regional development banks, which played a major role in Monterrey, have also continued their engagement in promoting activities related to the financing for development. A joint paper entitled "Financing for Development: the role of the Regional Development Banks", prepared by the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development and the Inter-American Development Bank, was initially distributed in Monterrey and is being presented to the General Assembly as a separate document under the relevant agenda item.

C. Actions within the United Nations

24. The Department of Economic and Social Affairs of the Secretariat, through its Financing for Development Coordinating Secretariat, collaborated closely with other major institutional stakeholders, in particular the World Bank, IMF, WTO, the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Development Programme (UNDP), in coordinating actions related to the preparation and holding of the International Conference on Financing for Development. Following the Conference, the Department provided support to both the high-level meeting of the Economic and Social Council with the Bretton Woods institutions and the WTO of 22 April and the substantive session of the Council in 2002, which devoted considerable attention to Monterrey-related issues. The Department has begun preparations for the 2003 General Assembly high-level dialogue on strengthening international cooperation through partnership, which is to play a major role in the overall intergovernmental follow-up process to the Conference. The Department is continuing to collaborate closely with all relevant stakeholders to help steer their active engagement in the financing for development follow-up process and to ensure systematic reporting to the concerned intergovernmental bodies on follow-up activities.

25. The Department is also acting to ensure that reports submitted to the General Assembly and the Economic and Social Council in all relevant areas reflect, and help these bodies advance, the commitments made at the Conference. In addition to the documentation prepared for the meeting of 22 April and for the regular substantive session of the Council in 2002, reports prepared for the fifty-seventh session of the General Assembly seek to integrate and advance priorities and policy concerns reflected in the Monterrey Consensus (see the reports of the Secretary-General on the international financial system and

development (A/57/344); the role of the United Nations in promoting development in the context of globalization and interdependence (A/57/287); and the high-level dialogue on strengthening international economic cooperation through partnership (A/57/388)).

26. As part of its substantive work, the Department is responsible for global monitoring of the development goals embodied in the Millennium Declaration and contributing to the preparation of the annual reports of the Secretary-General on progress made in its implementation. Issues connected with the follow-up to the Monterrey Consensus will be integrated, as appropriate, in this work, which will also be integrated into the Department's ongoing efforts to promote crosscutting, thematic approaches to the implementation of recent global conferences and addressing major related dimensions of development. In the same vein, in coordinating preparations for the World Summit on Sustainable Development, the Department is endeavouring to ensure that the Summit will build on the outcome of Monterrey.

27. In different areas of research and analysis and related advisory and training services coming within its purview, the Department is seeking to encourage the development of policy measures that could advance follow-up to the Monterrey Consensus. A case in point is the Eleventh Meeting of the Ad Hoc Group of Experts on International Cooperation in Tax Matters, to be held in 2003, which will concentrate on technical aspects of tax cooperation related to the follow-up to the Monterrey Conference. Other examples are expert meetings on "Techniques and gaps in risk mitigation for infrastructure investment in developing countries", planned for October 2002, and on "Resource mobilization and fiscal management as a tool for development", scheduled for February 2003; as well as a regional training workshop on taxation, organized in association with the Inter-American Centre of Tax Administrations for December 2002, for the benefit of senior tax administrators. In addition, in cooperation with the World Institute for Development Economics Research (WIDER) of the United Nations University, a series of studies are being undertaken on innovative measures for mobilizing financial resources for development.

28. In view of the attention given in the Monterrey Consensus to technical cooperation, the Department's advisory services and technical cooperation activities in areas ranging from statistics to public administration and tax policy are currently being reviewed with a view to maximizing their contribution to an effective follow-up to the Monterrey Consensus.[3]

29. The Monterrey Consensus encouraged, inter alia, strengthening of tax cooperation, through enhanced dialogue among national tax authorities, and greater coordination of the work of the concerned multilateral bodies and relevant regional organizations. The 24 experts that comprise the Ad Hoc Group of Experts in International Cooperation in Tax Matters, although selected in their personal capacity, are the heads of tax authorities in their respective countries. A strengthening of this mechanism, including the possibility of consolidating it as part of the permanent subsidiary machinery of the Economic and Social Council, could enhance the dialogue among national tax authorities and enable the Council to support this effort, linking it with other relevant Monterrey objectives. At the same time, a working relationship could be developed with the "International Tax Dialogue", a recent initiative of IMF, the Organisation for Economic Cooperation and Development (OECD) and the World Bank aimed at promoting cooperation in tax matters among government officials and international organizations, including the sharing of good practices in improving the functioning of national tax systems. In particular, the Dialogue could serve as a resource for the Ad Hoc Group of Experts, including through the review and analysis of relevant topics identified by the Group.

30. Reference should also be made to the Task Force on Gender and Financing for Development of the Inter-Agency Network on Women and Gender Equality. The Task Force has worked to ensure inter-agency coordination and collaboration in efforts to incorporate gender perspectives in discussions on financing for development. The analysis undertaken by the task force points strongly to the relevance of mainstreaming gender perspectives in activities related to financing development to serve the ultimate goals of poverty eradication, gender equality and economic efficiency. The Network will continue to monitor the incorporation of gender perspectives in the planned follow-up activities to the Monterrey Conference in line with the provisions of the Monterrey Consensus and the relevant decisions of the Economic and Social Council.[4]

31. For their part, the United Nations regional commissions have continued their active engagement

in the financing for development process by integrating the follow-up activities into their programmes of work. The recent issues of their annual flagship publication, the *Economic and Social Survey*, as well as their other analytical work on regional macroeconomic policy matters, have focused on some of the principal issues in their respective regions in this area. In that connection, some of their recent notable works relate to: alternative policies for approaching the economic and monetary union accession by the Central and East European countries (Economic Commission for Europe); regional development cooperation in Asia and the Pacific (Economic and Social Commission for Asia and the Pacific); economic and structural reform issues in the context of financial crisis (Economic Commission for Latin America and the Caribbean); governance issues and problems of transition to market economies, as well as conceptualizing the African peer review process in the context of the New Partnership for Africa's Development and the Monterrey Consensus (Economic Commission for Africa); and debt management issues as well as fiscal and monetary regulatory frameworks (Economic and Social Commission for Western Asia).

32. All of the regional commissions provide technical assistance, upon request, on topics related to financing for development, in addition to undertaking analytical work on the same. The Economic and Social Commission for Western Asia is implementing an extrabudgetary project that emphasizes policy support at country level. The Economic Commission for Europe has begun preparations for a seminar, to be held in November 2002, on promoting public-private partnerships as a means of mobilizing finance. Together with the Asian Development Bank, the Economic and Social Commission for Asia and the Pacific has scheduled a seminar on the theme of "Rejuvenating bank financing" in the region in October 2002 and is also organizing an expert group meeting under the theme of "Five years after the financial crisis" in November 2002. The Economic Commission for Africa has launched a capital markets project in Africa at national and regional levels. In the Economic Commission for Latin America and the Caribbean region, as an outcome to its "Financing for environmental development" project, carried out with UNDP, another joint project has been initiated which aims at assessing innovative mechanisms for new financing for sustainable development, with special attention to business opportunities and partnerships. The Commission is also formulating a project for strengthening the capacity of the regional network of financial institutions.

33. UNCTAD's work programme is closely linked to chapter II, "Leading actions", and key aspects of chapter III, "Staying engaged", of the Monterrey Consensus.[5] In particular, the activities envisaged by the Trade and Development Board will be of direct relevance to virtually all paragraphs of the section on "International trade as an engine for development".

34. Specifically, UNCTAD's work in the area of trade and commodities will contemplate follow-up activities to the implementation of the Monterrey Consensus.[6] Pursuant to paragraph 28, in May 2002, UNCTAD held a workshop, which was the culmination of an interregional project on the impact of environmental requirements and sanitary and phytosanitary measures on developing country exports. With respect to the protection of traditional knowledge and harnessing its potential for trade and development, UNCTAD jointly organized, with the Government of India, an international seminar in April 2002.

35. Paragraph 30 of the Monterrey Consensus calls for facilitating the accession of all developing countries, in particular the least developed countries, as well as countries with economies in transition, to WTO. Accordingly, the UNCTAD secretariat has been active in assisting more than a dozen countries in this regard. The activities include advisory missions, substantive assistance in WTO-related seminars in acceding countries and training of officials involved in the accession process. UNCTAD is also providing support to countries wishing to "diversify export capacity".[7] The Monterrey Consensus also calls upon agencies to "reinforce the support for trade-related training, capacity and institution building".[7] A number of activities, including policy dialogue, training workshops and national and regional projects are being carried out in this framework.

36. UNCTAD's work on commodities will follow closely paragraph 37 of the Monterrey Consensus concerning multilateral assistance in this area. UNCTAD cooperates with international commodity organizations on efforts to deal with depressed commodity prices. UNCTAD's work on commodity price risk management and structured commodity finance will aim to assist developing countries to manage problems associated with a multitude of risks

in commodity trade. Within a project on capacity-building for diversification and commodity-based development, seven regional and four national workshops have been held, more national are under preparation and resources are being sought for the follow-up phase.

37. The main objective of UNCTAD's activities in relation to paragraph 38 of the Monterrey Consensus will be to meet the needs of developing countries to secure a better understanding of the issues arising from the work programme of the Doha Ministerial Conference of WTO, enabling them to design their own national negotiating positions in multilateral trade negotiations. Special attention has been given to the immediate needs for assistance in respect of agriculture and services negotiations. UNCTAD is also helping countries to better evaluate the implications of the Doha mandate for the interaction between trade and competition policy and to draft, adopt and effectively implement competition legislation. These activities are part of a comprehensive, Doha-related UNCTAD programme of capacity-building and technical cooperation for the benefit of developing countries.

38. In the area of investment, increased private financial flows to least developed countries and to Africa will receive special emphasis. The UNCTAD/International Chamber of Commerce Investment Advisory Council for Least Developed Countries, in which senior business executives and senior government officials responsible for investment participate, will intensify its work in the light of relevant orientations in the Monterrey Consensus and in the proposals that emerged from a parallel event to the Monterrey Conference, which focused on the role of foreign direct investment in the implementation of NEPAD.

39. Another parallel event organized by UNCTAD in Monterrey addressed the new topic of "E-finance for development", which is particularly relevant to paragraph 22 of the Monterrey Consensus. The event gave an impetus to further activities of UNCTAD in the area of e-finance, including Internet banking, e-trade finance and e-credit information, which are critical to ensure access by developing country enterprises to e-finance and for the promotion of e-commerce-compatible legal and institutional frameworks. Relevant documents are posted on the UNCTAD web site: www.unctad.org/ecommerce.

40. UNDP has been actively promoting follow-up activities that aim to keep the spirit of Monterrey alive and to advance the goals agreed to by the international community at the Conference.

41. In support of the mobilization of domestic financial resources for development, UNDP is working for developing awareness at the country level of the development role and impact of private enterprise. UNDP is seeking to ensure not only a dynamic business contribution in support of development, but also the protection of labour rights, environmental sustainability and human rights, especially the empowerment of women. UNDP is also engaged, through its governance initiatives, in the fight against corruption by promoting greater transparency at the national level in the allocation of development resources.

42. In the area of international trade as an engine for development, UNDP is actively participating in the development of an integrated framework aimed at supporting the capacity of developing countries to enter into the international market for goods and services. A special publication, "Trade and Human Development", will be issued in September 2002.

43. Working together with partner agencies in the context of the United Nations Development Group and its Executive Committee, UNDP continues to ensure that operational procedures are simplified and harmonized in order to make official development assistance more effective and to reduce transaction costs of aid.

44. At the country level, UNDP is supporting some sixty countries, at their request, in the preparation of poverty reduction strategies, including Poverty Reduction Strategy Papers. UNDP's role ranges from support for data collection to the provision of policy advice and technical support in the preparation of the Strategy Papers, to the establishment of a multi-stakeholder dialogue on the strategy papers. Assistance contributing directly to the achievement of the Millennium development goals at the country level is to be undertaken using the resources programmed under the United Nations Development Assistance Framework.

45. The Monterrey Consensus supports "the United Nations in the implementation of a global information campaign on the internationally agreed development goals and objectives, including those contained in the

Millennium Declaration".[8] In response to the growing recognition that a global "campaign" is imperative to help insure that these goals are achieved, the Secretary-General has asked the Administrator of UNDP, in his capacity of Chair of the United Nations Development Group, to coordinate the campaign as well as country-level monitoring activities.

46. The strategy presented by the Administrator to the United Nations system Chief Executives Board for Coordination encompasses mutually supporting actions concerned with tracking and review of progress towards these goals: policy analysis; a public awareness and public mobilization effort; and assistance to address constraints to progress, guided by the mandates, the comparative advantage and resources of the United Nations system at the country level and the recognition that the achievement of the Millennium development goals is ultimately the responsibility of Member States. Specific components include: the Millennium Project, a research initiative of the American Council for the United Nations University, aimed at contributing to the definition and assessment of the policy dimensions of achieving the Millennium development goals based on policy reforms and investments, financing options and strategies for scaling up efforts; a comprehensive effort to monitor progress in the achievement of the goals, which engages the Department of Economic and Social Affairs in leading the effort to monitor global progress, while the Resident Coordinator and United Nations Country Teams support national level monitoring, coordinated by UNDP; and a special initiative aimed at building awareness and creating new coalitions and stronger constituencies for global and national action across developed and developing countries in support of the Millennium development goals.

47. The Monterrey Consensus, in calling for sustained follow-up within the United Nations system to the agreements and commitments reached at the Conference, requested that the arrangements for inter-agency collaboration available through the United Nations system Chief Executives Board for Coordination should be fully utilized. Since the launch of the financing for development process by the General Assembly, the Chief Executives Board for Coordination has been fully engaged in promoting an effective mobilization of relevant capacities available within the United Nations system in support of both the intergovernmental process and the coordinating secretariat. This has included policy advice and assistance to the Secretary-General in mobilizing the different constituencies of the organizations of the system in support of the Conference.

48. In 2003, the Chief Executives Board for Coordination will revert to issues related to the follow-up of the Monterrey Consensus as part of the support that the system is providing to the Secretary-General in preparing and facilitating the implementation within the system of the policy recommendations contained in his annual reports on the follow-up to the Millennium Declaration, which, in 2003, are scheduled to address, as special themes, financing for development as well as strategies for development. Similarly, the High-Level Committee on Programmes of the Chief Executives Board for Coordination, which is the main instrument of the Board in organizing inter-agency support for the implementation within the system of the development goals contained in the Millennium Declaration, is taking action to reflect in its work programme all relevant aspects of the outcome of the Monterrey Conference.

D. Activities of non-institutional stakeholders

49. Civil society organizations have been actively involved in the multi-year financing for development preparatory process, interacting with the intergovernmental process in many different ways, including hearings, briefings, seminars, issues-based caucuses and press conferences. Their views and positions were submitted to the Preparatory Committee either as statements or papers, culminating with the participation of their representatives in the plenary meetings and round tables of the Conference. Altogether, 557 non-governmental representatives were accredited to the Conference.

50. Prior to the Conference, NGOs gathered in Monterrey for a three-day meeting entitled "Global Forum: Financing the Right to Sustainable and Equitable Development". The Forum was attended by 2,600 persons representing 700 organizations worldwide, as well as some government officials and observers from relevant institutions. The participants of the Global Forum crafted a set of common proposals for an "alternative economic model intended to place people at the centre of development". These included:

(a) Making human rights, as outlined by international human rights instruments, the overarching framework and objective of the international economic institutions;

(b) Collecting currency transaction taxes as a means of financing development and of stabilizing the international financial system;

(c) Integrating the principles of accountability, transparency, good governance and democratic civil society participation into the framework of financial support schemes and processes of economic decision-making;

(d) Using no conditionality in official development assistance, debt reduction arrangements or national development plans;

(e) Ensuring greater autonomy for developing countries over their trade, investment and fiscal policies;

(f) Cancellation of external debts of developing countries through a process of arbitration, which protects human rights and the environment;

(g) Fully integrating developing countries into international standard setting processes.

51. Addressing the closing plenary of the Conference, NGO representatives stated that, despite the dissatisfaction of many NGOs with the Monterrey Consensus, which, in their view, had offered little effective mechanisms to mobilize new resources to achieve the Millennium development goals, they wanted to stay engaged in the follow-up process and were committed to mobilizing their constituencies towards the implementation of these goals.

52. After Monterrey, four NGO representatives were invited for the first time to participate in round tables held on 22 April 2002 in the context of the meeting of the Economic and Social Council with the Bretton Woods institutions. Following that meeting, a group of NGOs met and agreed to set up an "interim facilitating group" that would collaborate to promote the follow-up to Monterrey. To that end, the group decided to seek to ensure that a diverse and inclusive coalition of international organizations, networks and partners stay engaged and coordinate their follow-up efforts in the post-Monterrey period. In July 2002, the interim group and other NGO representatives addressed the high-level segment of the substantive session of the Economic and Social Council.

53. Another unique aspect of the financing for development process has been the unprecedented, structured engagement of the business sector. This had its origins in the global business hearings that were organized by the Secretariat in December 2000. The engagement crystallized a few months later when the Bureau identified a set of key "business interlocutors" to facilitate the interaction of the sector with the intergovernmental process.

54. A Steering Committee of the business interlocutors was subsequently set up. This group was chaired by the International Chamber of Commerce and included, among others, the United States/United Nations Association Business Council for the United Nations, the World Economic Forum, the Money Matters Institute and Samuels Associates. The Steering Committee, which, as mandated by the Preparatory Committee, was advised and assisted by the Secretariat, operated in accordance with a road map that outlined a framework through which the various substantive discussion forums organized by these interlocutors would feed into the official financing for development process.

55. Business representation during the preparatory process and the Conference itself focused on bringing out actionable policy proposals to be discussed with Governments and international organizations. These ideas were disseminated through: a report entitled "Strengthening financing for development: proposals from the private sector"; the organization of an International Business Forum in Monterrey; and several follow-up dialogues in Monterrey, where business leaders interacted with representatives from Governments and international organizations. Moreover, senior business representatives from all over the world also participated and freely aired their ideas in the ministerial and summit round tables of the Conference, as did civil society representatives.

56. More than 30 concrete proposals were launched at the Business Forum and were discussed during the follow-up dialogues. All of these proposals are predicated on public/private partnerships and include:

(a) Establishing a global information clearinghouse with government-investor networks, independent expert groups and third-party audits;

(b) Mechanisms to enhance financing of infrastructure projects in developing countries, in particular through easing the access to debt finance;

(c) Setting up corporate equity funds to strengthen small and medium enterprises;

(d) Incubating local sources of venture capital;

(e) Enabling international debt work-outs and international bankruptcy mechanisms;

(f) Linking microcredit with connectivity to redevelop Afghanistan;

(g) Produce investment guides to help least developed countries to attract new investment.

57. In the post-Monterrey period, the sponsors of the above and other business proposals intend to engage with relevant actors in the private sector, Governments and international organizations regarding their implementation. Business sector representatives will continue to participate, in the meetings of the Economic and Social Council with the Bretton Woods institutions and WTO.

III. Recommendations

58. **The General Assembly may wish to consider initiatives or proposals to provide additional impetus to the implementation of the Monterrey Consensus, including, in particular, paragraph 68, which contains a commitment to "keeping fully engaged, nationally, regionally and internationally".**

59. **Likewise, the General Assembly may wish to reaffirm the invitation contained in Economic and Social Council resolution 2002/34 to all stakeholders in the Monterrey process and, in particular, the Bretton Woods institutions, WTO and the regional development banks, to place implementation of the Monterrey Consensus at the top of their respective agendas and to cooperate fully in the provision of effective support, in accordance with paragraph 72 of the Monterrey Consensus.**

60. **Finally, the General Assembly may wish to take into account the information contained in the present report in preparing for the next high-level dialogue on strengthening international economic cooperation through partnership and invite the Economic and Social Council to do likewise in preparing for the 2003 spring meeting of the Economic and Social Council with the Bretton Woods institutions and WTO. It may also wish to invite the Council to consider modalities for further strengthening its contribution to promoting an effective, coordinated follow-up to the Monterrey Consensus, including enhanced arrangements for cooperation on tax matters, as indicated in paragraphs 27 to 29 above.**

Notes

[1] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex, para. 72.

[2] Resolution 55/2.

[3] An example illustrating initiatives being taken in this regard is the support that the Department of Economic and Social Affairs is giving, in cooperation with the Government of Norway, to the development by an independent team of experts of a prototype "Global Clearinghouse" of Internet-based information, specifically addressing the needs of existing and potential investors in developing countries. The objective is to address, in a cost-effective manner, some of the information and communication needs identified in the Monterrey Consensus for promoting appropriate modalities of private investment.

[4] Among the activities undertaken by the Task Force, in close collaboration with NGOs and civil society groups, are the preparation of analytical papers on issues related to financing development and the holding of panel discussions. Most significantly was the organization of a day of dialogue on gender and financing for development among member States, civil society, academia and the United Nations organizations and the distribution of a report thereon at the Monterrey Conference.

[5] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. II, sects. B-F, and chap. III.

[6] Ibid., paras. 21, 30, 36, 37 and 38.

[7] Ibid., para. 36.

[8] Ibid., para. 71.